

Half-Year Report

2015

## Selected key figures

		H1 2015/ 30.06.2015	H1 2014/ 31.12.2014	%
<b>Zug Estates Group</b>				
Operating revenue (excl. income from revaluation of investment properties)	TCHF	31 012	30 148	2.9%
Operating expenses	TCHF	12 416	11 687	6.2%
Operating income before depreciation and revaluation	TCHF	18 596	18 461	0.7%
Revaluation of investment properties (net)	TCHF	32 781	10 513	211.8%
EBITDA	TCHF	51 354	28 974	77.2%
EBIT	TCHF	49 526	27 192	82.1%
Net income	TCHF	39 427	21 237	85.7%
Net income excluding income from revaluation <sup>1</sup>	TCHF	11 452	11 867	- 3.5%
Total assets	TCHF	1 163 183	1 088 106	6.9%
Interest-bearing debt	TCHF	350 000	320 000	9.4%
- Debt ratio		30.1%	29.4%	
Shareholders' equity (NAV)	TCHF	693 181	662 830	4.6%
- Equity ratio		59.6%	60.9%	
Headcount	FTE	148.1	157.2	- 5.8%
<b>Share</b>				
Closing price	CHF	1 394	1 244	12.1%
Market capitalization <sup>2</sup>	TCHF	683 852	610 267	12.1%
Earnings per series B registered share <sup>3</sup>	CHF	80.4	43.7	83.8%
Earnings per series B registered share excl. revaluation <sup>3</sup>	CHF	23.3	24.4	- 4.5%
Shareholders' equity (NAV) per series B registered share <sup>2</sup>	CHF	1 413.0	1 351.2	4.6%
EPRA NAV per series B registered share <sup>2</sup>	CHF	1 532.1	1 468.9	4.3%
<b>Portfolio</b>				
Investment properties	TCHF	997 028	900 276	10.7%
Investment properties under construction	TCHF	30 993	94 771	- 67.3%
Undeveloped plots <sup>4</sup>	TCHF	7 111	9 269	- 23.3%
<b>Total real estate portfolio</b>	<b>TCHF</b>	<b>1 035 132</b>	<b>1 004 316</b>	<b>3.1%</b>
Operating properties (market value) <sup>5</sup>	TCHF	106 724	106 724	0.0%
<b>Total portfolio</b>	<b>TCHF</b>	<b>1 141 856</b>	<b>1 111 040</b>	<b>2.8%</b>
Property income <sup>6</sup>	TCHF	19 108	18 321	4.3%
Vacancy rate investment properties <sup>7</sup>		6.4%	4.4%	
Gross return investment properties <sup>8</sup>		4.5%	4.8%	

<sup>1</sup> Equal to net income excluding income from revaluation of investment properties (net), excluding income from sale of investment properties and excluding income from securities and corresponding deferred taxes

<sup>2</sup> In relation to number of shares outstanding (series A registered shares converted)

<sup>3</sup> In relation to number of shares on average outstanding (series A registered shares converted)

<sup>4</sup> In accordance with accounting principles, undeveloped plots are stated at cost

<sup>5</sup> In accordance with accounting principles, operating properties are stated at cost less write-downs

<sup>6</sup> Comprises rental income and income from Miteigentümergeinschaft Metalli

<sup>7</sup> As at the balance sheet date, as a percentage of projected rental income

<sup>8</sup> As at the balance sheet date, projected rental income (annualized) as a percentage of the market value

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## Report to the shareholders

Dear shareholders,

The events that shaped the first half of the year 2015 were the successful completion of a further stage in the development of the Suurstoffi site in Risch Rotkreuz and the far-reaching decisions taken on the future direction of the Group.

### Marked increase in net income

In the first half of 2015, Zug Estates posted an operating income before depreciation and revaluation of CHF 18.6 million. This represents a year-on-year increase of 0.7%. At the same time, property income rose 4.3% to CHF 19.1 million. Sales in the hotel & catering business unit rose slightly compared with the previous year. The Group's operating expenses for the first half of the year were up 6.2% year-on-year, mainly due to higher maintenance expenditure and expenses associated with real estate transactions.

In the first half of 2015, the Group invested CHF 22.2 million in the further development of its sites. In addition, the book value of the investment properties increased by CHF 32.8 million net as a result of the revaluation. Consequently, income from the revaluation of investment properties (net) tripled compared to the previous year's figure of CHF 10.5 million. The main contributing factors here were the above-average quality of the locations and properties in the portfolio (high proportion of residential property), the continuous development and positioning of the Suurstoffi site as a preferred location for housing and business, and market-related factors.

As a result of the revaluation, EBIT and net income were well above the previous year's figures at CHF 49.5 million and CHF 39.4 million respectively. Net income excluding revalua-

tion decreased by CHF 0.4 million to CHF 11.5 million (previous year: CHF 11.9 million) owing to the sale of a property and higher borrowing expenses. Without property transactions, net income excluding income from revaluation would have been slightly above the previous year's figure.

### Far-reaching decisions on the future direction of the Group

In the first half of 2015, important decisions were taken on the further development of the Suurstoffi and Zug city center sites:

- Zug Estates succeeded in further focusing its portfolio and on March 1, 2015 sold the industrial site in Oberentfelden (AG) at market value. On July 1, 2015, Zug Estates was able to acquire the last plot on the Suurstoffi site owned by third parties. In return, the Suurstoffi 3a-c will be sold.
- On the Suurstoffi site, a third development phase was launched, comprising 170 rental apartments, student housing and cluster apartments, plus approx. 7 000 m<sup>2</sup> of commercial space. The planning application was submitted in April, construction is due to start in autumn 2015, and occupancy is scheduled for the second half of 2017. The investment volume amounts to approximately CHF 110 million. A long-term lease has already been signed for more than half of the commercial space. In 2017 the market research company GfK will relocate to the Suurstoffi site with about 200 staff, further strengthening the business location.
- Lucerne University of Applied Sciences and Arts (HSLU) will establish a major new campus at the Suurstoffi site. The development of the HSLU Suurstoffi Rotkreuz campus will proceed in two stages. The newly created School of Infor-

mation Technology will start operating in existing premises on the site in the autumn of 2016. In a second stage, parts of the finance division of the School of Business, together with the School of Information Technology, will move into a new building directly adjacent to the railway station. The new premises will provide space for about 1 350 students and 200 employees. In addition, 100 residential units for students will be created on the site. This will allow Zug Estates to proceed with the integrated planning of the western section of the Suurstoffi plot on which the final site of the Lucerne University of Applied Sciences and Arts is to be constructed by 2019, and make a start on the necessary adaptation of the development plan in cooperation with the local municipality.

- In addition, the decision was taken to construct a 70-meter high-rise apartment building in the center of the Suurstoffi site. The high-rise project includes plans for some 90 apartments and about 2 500 m<sup>2</sup> of office and commercial space on a condominium ownership basis. The study process has been completed and the planning application is due to be submitted in spring 2016. Construction is due to start in autumn 2016, with occupancy scheduled for winter 2018/19.
- On the Zug City Center site, the decision taken on the Zug city tunnel in a local referendum held on June 14, 2015 clarified the position on an important precondition for the future development of the site.

### Success in renting properties in line with the high degree of development momentum

The second development phase of the Suurstoffi site, consisting of nine apartment buildings comprising 145 rented apartments and 11 owner-occupied apartments, was completed on schedule and handed over to the occupants. All apartments have been let, increasing the proportion of residential property within the portfolio to about 30%.

The portfolio's 6.4% vacancy rate as of June 30, 2015 (reference date) includes approximately 4 000 m<sup>2</sup> of commercial

space earmarked for Lucerne University of Applied Sciences and Arts and leased from summer 2016. A further 2 000 m<sup>2</sup> of office space that was vacant on the balance sheet date has since been leased. For the remaining commercial space, negotiations with prospective tenants are at an advanced stage. During the course of 2016, we therefore expect to be able to report largely full occupancy for the main commercial premises.

### Confident outlook for the second half of 2015

In operating terms, we expect rental income in the real estate business unit to rise overall. However, the disposal of two properties and the lowering of the reference rate for apartment rents as of October 1, 2015 will reduce annual rental income by about CHF 1.9 million. The vacancy rate is expected to decline by the end of 2015. The carefully planned development of the Suurstoffi site will remain an important priority. In 2015, we expect overall investment in the real estate portfolio to total about CHF 50 million. In the hotel & catering segment, our assessment of the earnings outlook remains unchanged.

For the year as a whole, we expect a slight increase in operating income before depreciation and revaluation. The surplus from the revaluation of investment properties (net) will increase net profit.

Zug, August 2015



**Hannes Wüest**  
Chairman of the Board of Directors



**Tobias Achermann**  
Chief Executive Officer

## Consolidated balance sheet

### Assets

in CHF thousands	Note	30.06.2015	31.12.2014
Cash and cash equivalents		56 946	24 159
Trade receivables		1 330	1 953
Other receivables		6 234	4 838
Inventories		323	342
Properties held for sale	1	16 500	4 805
Prepaid expenses		1 945	2 242
<b>Total current assets</b>		<b>83 278</b>	<b>38 339</b>
Investment properties	1	997 028	900 276
Investment properties under construction	1	30 993	94 771
Undeveloped plots	1	7 111	9 269
Operating properties		38 317	39 090
Other tangible assets		4 824	4 904
Financial assets		1 603	1 414
Intangible assets		29	43
<b>Total fixed assets</b>		<b>1 079 905</b>	<b>1 049 767</b>
<b>Total assets</b>		<b>1 163 183</b>	<b>1 088 106</b>

### Liabilities and shareholders' equity

in CHF thousands	Note	30.06.2015	31.12.2014
Current financial liabilities	2	0	45 000
Trade payables		7 880	4 750
Other current liabilities		7 769	6 528
Accrued expenses		15 820	10 082
Current provisions		0	236
<b>Total current liabilities</b>		<b>31 469</b>	<b>66 596</b>
Long-term financial liabilities	2	350 000	275 000
Long-term provisions		61	84
Deferred tax liabilities		88 472	83 596
<b>Total non-current liabilities</b>		<b>438 533</b>	<b>358 680</b>
<b>Total liabilities</b>		<b>470 002</b>	<b>425 276</b>
Share capital		12 750	12 750
Capital reserves		534 083	543 159
Treasury shares		- 24 134	- 24 134
Retained earnings		170 482	131 055
<b>Total shareholders' equity</b>	3	<b>693 181</b>	<b>662 830</b>
<b>Total liabilities and shareholders' equity</b>		<b>1 163 183</b>	<b>1 088 106</b>

## Consolidated income statement

in CHF thousands	Note	01.01.2015 – 30.06.2015	01.01.2014 – 30.06.2014
Property income	4	19 108	18 321
Hotel & catering income		10 149	10 082
Other operating revenue		1 755	1 745
<b>Total operating revenue</b>		<b>31 012</b>	<b>30 148</b>
Property expenses		1 290	953
Cost of goods hotel & catering		1 123	1 195
Personnel expenses		6 990	7 061
Other operating expenses		3 013	2 478
<b>Total operating expenses</b>		<b>12 416</b>	<b>11 687</b>
<b>Operating income before depreciation and revaluation</b>		<b>18 596</b>	<b>18 461</b>
Revaluation of investment properties (net)	1	32 781	10 513
Gain from disposal of investment properties		– 23	0
<b>Operating income before depreciation (EBITDA)</b>		<b>51 354</b>	<b>28 974</b>
Depreciation		1 828	1 782
<b>Operating income (EBIT)</b>		<b>49 526</b>	<b>27 192</b>
Financial result		– 3 169	– 2 265
<b>Income before taxes (EBT)</b>		<b>46 357</b>	<b>24 927</b>
Taxes		6 930	3 690
<b>Net income</b>		<b>39 427</b>	<b>21 237</b>
<b>Earnings per share (in CHF)</b>			
Earnings per series A registered share, undiluted	3	8.04	4.37
Earnings per series B registered share, undiluted	3	80.37	43.73

There are no potential dilutive effects to report. The diluted earnings per share correspond to the undiluted earnings per share.

## Pro forma consolidated statement of cash flows (condensed)

in CHF thousands	01.01.2015 – 30.06.2015	01.01.2014 – 30.06.2014
Cash flow before changes in working capital	12 502	13 971
Cash flow from operating activities	10 579	15 242
Cash flow from investing activities	1 284	– 64 897
Cash flow from financing activities	20 924	40 201
<b>Change in cash and cash equivalents</b>	<b>32 787</b>	<b>– 9 454</b>
<b>Composition of net cash and cash equivalents</b>		
Net cash and cash equivalents at beginning of reporting period	24 159	23 824
Net cash and cash equivalents at end of reporting period	56 946	14 370
<b>Change in cash and cash equivalents</b>	<b>32 787</b>	<b>– 9 454</b>

In the first half of 2015, non-cash investments of TCHF 17 297 (first half 2014: TCHF 234) were made.

## Statement of changes in equity

in CHF thousands	Share capital	Capital reserve	Treasury shares	Retained earnings	Total shareholders' equity
<b>Balance on 01.01.2014</b>	12 750	551 014	– 20 601	85 906	629 069
Purchase of treasury shares	–	–	– 18 739	–	– 18 739
Distribution from the reserves from capital contributions	–	– 8 144	–	–	– 8 144
Net income	–	–	–	21 237	21 237
<b>Balance on 30.06.2014</b>	12 750	542 870	– 39 340	107 143	623 423
<b>Balance on 01.01.2015</b>	12 750	543 159	– 24 134	131 055	662 830
Distribution from the reserves from capital contributions	–	– 9 076	–	–	– 9 076
Net income	–	–	–	39 427	39 427
<b>Balance on 30.06.2015</b>	12 750	534 083	– 24 134	170 482	693 181

## Notes

### General information

Domiciled in Zug, Switzerland, Zug Estates Holding AG is a Swiss joint stock company. Its shares are listed on SIX Swiss Exchange.

### Principles

The present, unaudited consolidated financial statements were prepared in accordance with Accounting and Reporting Regulation Swiss GAAP ARR 31 and the special provisions for real estate companies of Art. 17 of the SIX Swiss Exchange Directive on Financial Reporting and present a true and fair view of the financial position, the results of operations and the cash flows.

The principles of consolidation and valuation applied in the present consolidated financial statements are unchanged compared with those published in the 2014 consolidated financial statements, in which Swiss GAAP ARR 31 was applied for the first time.

Swiss GAAP FER 31 regulations with regard to interim financial reporting were applied for the first time to these half-year financial statements dated 30 June 2015. The first-time application of Swiss GAAP ARR 31 results in additional disclosures under the Statement of changes in equity and note 3, but does not impact the results of operations or the cash flows.

### Scope of consolidation

The scope of consolidation is unchanged compared to the annual financial statements as of 31 December 2014.

### Real estate valuation method and technique

The properties held for investment purposes were valued on the basis of the fair value assessments (update valuations) performed by a recognized independent real estate expert (Wüest & Partner AG) as at 30 June 2015 using the DCF (discounted cash flows) method. The valuation method and technique applied for the half-year financial statements for 2015 are unchanged from the previous year.

## Notes

### 1 | Investment properties, investment properties under construction and undeveloped plots

in CHF thousands	Zug City Center site, investment properties	Suurstoffi site, Risch Rotkreuz, investment properties
<b>Balance on 01.01.2014</b>	<b>584 587</b>	<b>227 090</b>
Investments	810	539
Acquisitions	27 200	0
Revaluation (net)	3 835	1 735
<b>Balance on 30.06.2014</b>	<b>616 432</b>	<b>229 364</b>
Accumulated acquisition values 01.01.2014	310 343	186 614
Accumulated acquisition values 30.06.2014	338 353	187 153
Difference market values/acquisition values 01.01.2014	274 244	40 476
Difference market values/acquisition values 30.06.2014	278 079	42 211
<b>Balance on 01.01.2015</b>	<b>621 948</b>	<b>255 738</b>
Investments	3	1 846
Disposals <sup>3</sup>	0	0
Reclassification of undeveloped plots to investment properties under constructions <sup>4</sup>	0	0
Reclassification of properties under construction to investment properties <sup>5</sup>	0	85 934
Reclassification to properties for sale <sup>6</sup>	0	- 16 500
Reclassification to other tangible assets	0	- 373
Revaluation (net)	34 025	- 1 564
<b>Balance on 30.06.2015</b>	<b>655 976</b>	<b>325 081</b>
Accumulated acquisition values 01.01.2015	339 188	210 381
Accumulated acquisition values 30.06.2015	339 191	268 582
Difference market values/acquisition values 01.01.2015	282 760	45 357
Difference market values/acquisition values 30.06.2015	316 785	56 499

<sup>1</sup> Comprises the properties under construction at the Suurstoffi site in Risch Rotkreuz

<sup>2</sup> Comprises the undeveloped part of the Suurstoffi site in Risch Rotkreuz. The undeveloped plots are stated at historical acquisition costs in accordance with the principles of valuation

<sup>3</sup> Disposal of the Oberentfelden property, Industriestrasse 8

<sup>4</sup> Reclassification of the Risch Rotkreuz property, Suurstoffi 16–22 to investment properties under construction

<sup>5</sup> Reclassification of the Risch Rotkreuz property, Suurstoffi 19–35 to investment properties

<sup>6</sup> Reclassification of the Risch Rotkreuz property, Suurstoffi 3a–c (sold on 3 July 2015)

Other investment properties	Total inv. properties	Total inv. properties under construction <sup>1</sup>	Undeveloped plots <sup>2</sup>	Total
<b>24 190</b>	<b>835 867</b>	<b>47 023</b>	<b>9 269</b>	<b>892 159</b>
0	1 349	34 320	0	35 669
0	27 200	0	0	27 200
17	5 587	4 926	0	10 513
<b>24 207</b>	<b>870 003</b>	<b>86 269</b>	<b>9 269</b>	<b>965 541</b>
22 344	519 301	42 136	9 269	570 706
22 344	547 850	76 456	9 269	633 575
1 846	316 566	4 887	0	321 453
1 863	322 153	9 813	0	331 966
<b>22 590</b>	<b>900 276</b>	<b>94 771</b>	<b>9 269</b>	<b>1 004 316</b>
0	1 849	20 382	0	22 231
- 7 323	- 7 323	0	0	- 7 323
0	0	2 158	- 2 158	0
0	85 934	- 85 934	0	0
0	- 16 500	0	0	- 16 500
0	- 373	0	0	- 373
704	33 165	- 384	0	32 781
<b>15 971</b>	<b>997 028</b>	<b>30 993</b>	<b>7 111</b>	<b>1 035 132</b>
21 460	571 029	81 785	9 269	662 083
9 511	658 812	30 993	7 111	696 916
1 130	329 247	12 986	0	342 233
6 460	338 216	0	0	338 216

The market values are based on the fair value assessments performed by a recognized independent real estate expert (Wüest & Partner AG) as at June 30 and December 31 using the DCF (discounted cash flows) method. The discount rates applied for the valuation of the investment properties and the investment properties under construction as at the balance sheet date were within a range of 3.3% to 3.9% (December 31, 2014: 3.5% to 5.5%).

## 2 | Financial liabilities

All financial liabilities are mortgage loans with financial institutions. They are structured by maturity as follows:

<b>Residual term</b> in CHF thousands	<b>30.06.2015</b>	<b>31.12.2014</b>
Under 1 year	0	45 000
1 to 3 years	0	0
3 to 5 years	100 000	100 000
5 to 10 years	40 000	40 000
Over 10 years	210 000	135 000
<b>Total</b>	<b>350 000</b>	<b>320 000</b>
Of which current	0	45 000
Of which long-term	350 000	275 000

The average residual term of the interest-bearing debt is 9.7 years (December 31, 2014: 7.6 years). The average capital-weighted interest rate was 2.5% (December 31, 2014: 2.2%). All loans were taken out at fixed interest rates.

To secure the long-term financial liabilities, properties with a book value of TCHF 666 702 (December 31, 2014: TCHF 631 158) have been encumbered.

### 3 | Shareholders' equity (NAV)

#### Shares issued

	Security number	Nominal value CHF	Number	Votes	Capital CHF
Series A registered shares	14 805 211	2.50	1 948 640	1 948 640	4 871 600
Series B registered shares	14 805 212	25.00	315 136	315 136	7 878 400
<b>Total</b>				<b>2 263 776</b>	<b>12 750 000</b>

In H1 2015, Zug Estates Holding did not acquire any registered treasury shares (previous year: 15 895 series B registered treasury shares at a market value of TCHF 18 734). As at June 30, 2015, Zug Estates Holding AG holds 18 400 series A registered treasury shares (unchanged) and 17 592 series B registered treasury shares (unchanged).

Non-distributable statutory reserves amounted to TCHF 7 676 as at June 30, 2015 (unchanged).

#### Shareholders' equity (NAV) per share

in CHF	30.06.2015	30.06.2014
Shareholders' equity (NAV) per outstanding series B registered share, before deferred taxes	1 593.36	1 521.55
Shareholders' equity (NAV) per outstanding series B registered share, after deferred taxes	1 413.02	1 351.15

#### Earnings per share

##### Information on series A registered shares

		2015	2014
Series A registered shares issued	Number	1 948 640	1 948 640
Series A registered treasury shares (weighted average)	Number	18 400	18 400
<b>Average outstanding series A registered shares</b>	<b>Number</b>	<b>1 930 240</b>	<b>1 930 240</b>
Share in net income attributable to series A registered shares	TCHF	15 513	8 441
Applicable number of series A registered shares	Number	1 930 240	1 930 240
Earnings per series A registered share, undiluted	CHF	8.04	4.37

##### Information on series B registered shares

Series B registered shares issued	Number	315 136	315 136
Series B registered treasury shares (weighted average)	Number	17 592	22 546
<b>Average outstanding series B registered shares</b>	<b>Number</b>	<b>297 544</b>	<b>292 591</b>
Share in net income attributable to series B registered shares	TCHF	23 914	12 796
Applicable number of series B registered shares	Number	297 544	292 591
Earnings per series B registered share, undiluted	CHF	80.37	43.73

There are no potential dilutive effects to report. The diluted earnings per share correspond to the undiluted earnings per share.

#### 4 | Property income

The reported property income of TCHF 19 108 (first half 2014: TCHF 18 321) comprises actual rental income and income from the Miteigentümergeinschaft Metalli. This position contains rental revenue from all properties.

in CHF thousands	01.01.2015 – 30.06.2015	01.01.2014 – 30.06.2014
Actual rental income	13 064	12 050
Income from Miteigentümergeinschaft Metalli <sup>1</sup>	6 044	6 271
<b>Total property income</b>	<b>19 108</b>	<b>18 321</b>

<sup>1</sup> Proportional gross profit

The individual contractual relationships with external tenants had the following terms as at the balance sheet date, based on the annualized projected rental revenue:

Term, share in %	30.06.2015	31.12.2014
Under 1 year, incl. unlimited rental contracts <sup>2</sup>	49.7	44.4
Over 1 year	0.5	5.1
Over 2 years	3.5	2.0
Over 3 years	7.0	6.6
Over 4 years	4.1	5.8
Over 5 years	3.9	1.1
Over 6 years	1.0	2.1
Over 7 years	14.4	0.8
Over 8 years	2.7	15.5
Over 9 years	5.5	8.5
Over 10 years	7.7	8.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

<sup>2</sup> Mainly residential and parking

The five largest tenant groups together generate 25.8% (December 31, 2014: 27.0%) of annualized projected rental revenue.

Tenants, share in %	30.06.2015	Tenants, share in %	31.12.2014
Novartis	7.9	Novartis	8.3
Migros <sup>3</sup>	6.9	Migros <sup>3</sup>	7.2
UBS	5.5	UBS	5.7
Dosenbach-Ochsner	2.8	Dosenbach-Ochsner	3.0
H&M	2.7	H&M	2.8

<sup>3</sup> Various companies of Migros Group

## 5 | Segment report

The Group's business activities comprise the business units "Real Estate" and "Hotel and Catering".

<b>01.01.2015 – 30.06.2015</b> in CHF thousands	<b>Real Estate</b>	<b>Hotel &amp; Catering</b>	<b>Corporate &amp; Eliminations <sup>1</sup></b>	<b>Total</b>
Operating revenue	23 849	10 192	- 3 029	31 012
Operating income before depreciation and revaluation	5 596	9 303	2 483	12 416
Revaluation of investment properties (net)	32 781	0	0	32 781
Income from sale of investment properties	- 23	0	0	- 23
<b>Operating income before depreciation (EBITDA)</b>	<b>51 011</b>	<b>889</b>	<b>- 546</b>	<b>51 354</b>
<b>Operating income (EBIT)</b>	<b>49 706</b>	<b>380</b>	<b>- 560</b>	<b>49 526</b>

  

<b>01.01.2014 – 30.06.2014</b> in CHF thousands	<b>Real Estate</b>	<b>Hotel &amp; Catering</b>	<b>Corporate &amp; Eliminations <sup>1</sup></b>	<b>Total</b>
Operating revenue	23 043	10 117	- 3 012	30 148
Operating income before depreciation and revaluation	4 888	9 532	2 733	11 687
Revaluation of investment properties (net)	10 513	0	0	10 513
<b>Operating income before depreciation (EBITDA)</b>	<b>28 668</b>	<b>585</b>	<b>- 279</b>	<b>28 974</b>
<b>Operating income (EBIT)</b>	<b>27 405</b>	<b>79</b>	<b>- 292</b>	<b>27 192</b>

<sup>1</sup> Holding company expenses and inter-segment revenues are eliminated in the Corporate & eliminations column

All revenues were generated in the canton of Zug and the canton of Aargau.

Ownership of the entire portfolio – i.e. investment and operating properties – rests with the Real Estate business unit. Based on an integrated view of the Hotel & Catering business unit, i.e. factoring in all properties used by the unit and all associated expenses and credits arising from rent paid to the Real Estate business unit, in the year under review the Hotel & Catering business unit generated operating income of CHF 1.8 million (first half 2014: CHF 1.7 million).



## Diversity and flexibility

The next phase of construction on the Suurstoffi site is due to begin. The three new buildings will provide space for more residents, market researchers and students – and their diversity means they are fit for the future.

The Suurstoffi 16, 18 and 20 buildings will further add to the diversity of the new district. Roughly two-thirds of the new areas will be used for housing, while the rest is earmarked for commercial purposes. Furthermore, in the next phases of realization of the site, the energy network will be expanded to include a second borehole heat exchanger array comprising 180 borehole heat exchangers.



## Mixed use

The School of Information Technology at the Lucerne University of Applied Sciences and Arts (HSLU) will be moving into the Suurstoffi site in 2016. From 2018, some of the approx. 1 000 students will also live on the site. Eight student apartments will be created, each comprising between four and ten rooms plus communal areas: an interlocking environment for living, studying and working. In 2017, GfK Switzerland will follow with about 200 staff: this market research company is moving its Swiss headquarters from Hergiswil to the Suurstoffi site.

The site's tenants look set to be as diverse as its commercial users. As well as providing homes for numerous tenants and a number of owner-occupiers, the Suurstoffi site will also have room for experimental forms of housing. These include cluster apartments: "Each user has a studio with its own kitchenette and en-suite bathroom. There is also a shared kitchen, plus shared outdoor spaces in the internal courtyard or on the roof," explains Tobias Achermann, CEO. This gives tenants the best of both worlds: they can retreat into their own private space or enjoy the company of their house-mates, as they please.

## Retaining flexibility

Diversity is the stated aim in the development of the Suurstoffi district, which implies that it must be possible to make changes. The three new buildings have therefore been designed to be highly versatile.

A service package is being planned for all three that will later be rolled out across the whole site. On-site contact persons will make it easier to address everyday needs – from the classic task of asking someone to water the plants while a resident is away on vacation to specific services for elderly residents. "All the apartments are built to meet the needs of disabled people. This means older residents can continue to live there for a long time," says Achermann.

**Top left: The energy network will be further expanded in the eastern section of the site.**

**Below left: Visualization of the new Suurstoffi 16, 18 and 20 buildings.**

## Variety of roofs

The existing specifications for the development of the site also apply to the new construction plot. Zug Estates continues to attach great importance to providing attractive, traffic-free external areas and emission-free operation. The combination of renewable energy production, diverse vegetation and a high-quality living environment is well illustrated by the use of roof areas. In all three buildings, roof areas provide outside spaces for tenants, while at the same time serving as solar power plants. For the Suurstoffi 16 and 18 buildings, the PVT modules are mounted on superstructures which in some cases straddle the roof gardens. This enables otherwise barren roofs to be used in three different ways simultaneously.

### Key data

Address	Suurstoffi 16–20, Rotkreuz
Architect	Bob Gysin + Partner, Zurich
Rental space	approx. 21 800 m <sup>2</sup>
Investment sum	approx. CHF 110 million
Start of construction	Autumn 2015
Occupation	Autumn 2017

### Use

Residential	166 rental apartments, 4 cluster apartments (20 studios) and 8 student apartments (52 rooms), comprising a total rentable area of approx. 15 200 m <sup>2</sup>
Commercial	approx. 7 000 m <sup>2</sup> of office and commercial space Anchor tenant GfK to occupy approx. 3 600 m <sup>2</sup> as of 2017
Parking	168 indoor parking spaces

### Energy supply

Number of borehole heat exchangers	180
Average depth of borehole heat exchangers	280 m
Solar panel surface area	approx. 500 m <sup>2</sup> of PV modules on façade approx. 1 000 m <sup>2</sup> of PVT modules on roofs

## Portfolio

	Place	Form of ownership <sup>1</sup>	Ownership share in %	Year of construction	Year of refurbishment
<b>Investment properties</b>					
<b>Zug City Center site</b>					
Baarerstrasse 20-22 (Metalli I/II, Zug Estates share)	Zug	CO	72.25	1987/1991	–
Baarerstrasse 14a (Metalli III)	Zug	SO	100	1995	–
Industriestrasse 13a/c (Metalli IV)	Zug	SO	100	1995	–
Industriestrasse 16 (leasehold) <sup>2</sup>	Zug	LHP	100	–	–
Industriestrasse 18	Zug	SO	100	1992	–
Haldenstrasse 12–16 (Haldenhof)	Zug	SO	100	2009	–
Residential development Haldenstrasse/Metallstrasse	Zug	SO	100	1910 – 1991	1986 – 1989
<b>Total Zug City Center site</b>					
<b>Suurstoffi site</b>					
Suurstoffi 5, 9, 13–17	Rotkreuz	SO	100	2011/2012	–
Suurstoffi 7, 11	Rotkreuz	SO	100	ca. 1926	2012
Suurstoffi 8–12	Rotkreuz	SO	100	2013	–
Suurstoffi 14	Rotkreuz	SO	100	2013	–
Suurstoffi 41	Rotkreuz	SO	100	2014	–
Suurstoffi 19–35	Rotkreuz	SO	100	2015	–
<b>Total Suurstoffi site</b>					
<b>Other</b>					
Hofstrasse 1a/b	Zug	SO	100	1971	–
Rote Trotte 14–16	Baar	C	100	2007	–
<b>Total other</b>					
<b>Total investment properties (excl. investment properties under construction)</b>					
<b>Investment properties under construction</b>					
Suurstoffi 16–20	Rotkreuz	SO	100	–	–
<b>Total investment properties under construction</b>					
<b>Undeveloped plots</b>					
Suurstoffi site	Rotkreuz	SO	100	–	–
<b>Total undeveloped plots</b>					
<b>Total real estate portfolio<sup>3</sup></b>					
Operating properties <sup>3,4</sup>	Zug	SO/C	100	–	–
<b>Total portfolio</b>					

<sup>1</sup> SO: sole ownership; LHP: leasehold plot; CO: co-ownership; C: condominium

<sup>2</sup> Zug Estates AG is the ground lessor

<sup>3</sup> Information on floorspace and number of parking spaces excludes investment properties under construction

<sup>4</sup> The following properties located in Zug serve completely or partly as operating properties: Industriestrasse 14 (Parkhotel Zug), Industriestrasse 16 (Résidence), Metallstrasse 20 (City Garden Hotel), Haldenstrasse 9, 10, 11 (Serviced City Apartments), Baarerstrasse 30 (Restaurant Bären) and Industriestrasse 12 (Zug Estates offices)

Plot area m <sup>2</sup>	Residential m <sup>2</sup>	Office m <sup>2</sup>	Retail m <sup>2</sup>	Hotel/catering m <sup>2</sup>	Storage m <sup>2</sup>	Miscellaneous m <sup>2</sup>	Total rentable space m <sup>2</sup>	Total no. of parking spaces
16 419	8 170	12 169	17 886	862	4 377	905	44 369	519
4 843	270	5 325	3 086	0	3 626	0	12 307	121
2 155	1 965	1 634	381	461	708	0	5 149	93
3 200	-	-	-	-	-	-	-	-
1 637	0	1 713	0	0	360	0	2 073	30
3 615	3 148	0	0	0	0	59	3 207	54
13 473	8 222	0	0	0	11	38	8 271	68
<b>45 342</b>	<b>21 775</b>	<b>20 841</b>	<b>21 353</b>	<b>1 323</b>	<b>9 082</b>	<b>1 002</b>	<b>75 376</b>	<b>885</b>
18 269	11 336	0	0	0	0	19	11 355	245
2 680	0	0	0	0	0	520	520	0
11 961	10 094	3 590	0	0	159	0	13 843	311
2 290	0	8 177	0	0	448	0	8 625	37
6 430	0	5 988	0	0	489	0	6 477	65
18 770	10 312	0	0	0	0	0	10 312	355
<b>60 400</b>	<b>31 742</b>	<b>17 755</b>	<b>0</b>	<b>0</b>	<b>1 096</b>	<b>539</b>	<b>51 132</b>	<b>1 013</b>
2 806	503	698	0	0	33	0	1 234	29
1 687	718	0	0	0	0	105	823	10
<b>4 493</b>	<b>1 221</b>	<b>698</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>105</b>	<b>2 057</b>	<b>39</b>
<b>110 235</b>	<b>54 738</b>	<b>39 294</b>	<b>21 353</b>	<b>1 323</b>	<b>10 211</b>	<b>1 646</b>	<b>128 565</b>	<b>1 937</b>
13 718	15 220	6 676	0	0	1 166	0	23 061	175
<b>13 718</b>	<b>15 220</b>	<b>6 676</b>	<b>0</b>	<b>0</b>	<b>1 166</b>	<b>0</b>	<b>23 061</b>	<b>175</b>
28 821	-	-	-	-	-	-	-	-
<b>28 821</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>152 774</b>	<b>54 738</b>	<b>39 294</b>	<b>21 353</b>	<b>1 323</b>	<b>10 211</b>	<b>1 646</b>	<b>128 565</b>	<b>1 937</b>
12 871	1 879	860	0	13 002	277	0	16 018	178
<b>165 645</b>	<b>56 617</b>	<b>40 154</b>	<b>21 353</b>	<b>14 325</b>	<b>10 488</b>	<b>1 646</b>	<b>144 583</b>	<b>2 115</b>

#### Additional information

in CHF thousands or %	Book value	Book value	Projected	Projected	Vacancy rate	Vacancy rate
	30.06.2015	31.12.2014	rental revenue 30.06.2015	rental revenue 31.12.2014	30.06.2015	31.12.2014
Zug City Center site, Zug <sup>1</sup>	655 976	621 948	28 932	28 873	3.2	1.6
Suurstoffi site, Risch Rotkreuz	325 081	255 738	15 390	12 654	12.5	11.5
Other	15 971	22 590	644	1 432	1.1	0.5
<b>Investment properties</b>	<b>997 028</b>	<b>900 276</b>	<b>44 966</b>	<b>42 959</b>	<b>6.4</b>	<b>4.4</b>
Investment properties under construction	30 993	94 771	–	–	–	–
Undeveloped plots	7 111	9 269	–	–	–	–
<b>Total real estate portfolio</b>	<b>1 035 132</b>	<b>1 004 316</b>	<b>44 966</b>	<b>42 959</b>	<b>6.4</b>	<b>4.4</b>
Operating properties <sup>1</sup>	38 318	39 090	–	–	–	–
<b>Total portfolio</b>	<b>1 073 450</b>	<b>1 043 406</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

<sup>1</sup> Due proportion of fair value and projected rental revenue for (co-owned) property at Baarerstrasse 20–22, Zug included

<sup>2</sup> Wüest & Partner AG estimated the fair value as at December 31, 2014 at TCHF 106 724.

#### Additional information on Suurstoffi development project, Risch Rotkreuz

##### Project description

A mixed-use development with 150 000 m<sup>2</sup> gross floor area to accommodate 1 000 residents and over 2 000 workplaces is to be built in several phases on the Suurstoffi site (approx. 100 000 m<sup>2</sup>) near the Rotkreuz rapid transit station. The development will, essentially, become part of the Group portfolio.

The first two construction phases have been completed, which means that more than 19 000 m<sup>2</sup> of commercial space and 384 apartments have been handed over to users.

##### Project status

Planning for the third construction phase has largely been completed. The planning application was submitted in spring 2015 and construction is due to start in autumn 2015. With a planned investment volume of approx. CHF 110 million, 166 rental apartments, 20 studios in cluster apartments and 52 rooms for students of Lucerne University of Applied Sciences and Arts (HSLU) will be built, in addition to some 7 000 m<sup>2</sup> of commercial space. More than half of the commercial space has been leased to the market research company GfK, which will have a presence on the Suurstoffi site with about 200 employees from autumn 2017.

Occupancy level by floor area (commercial units) or number (residential units)	30.06.2015	31.12.2014
Suurstoffi 16–20		
Residential	0%	–
Commercial	55%	–

#### Completion

Suurstoffi 16–20	Autumn 2017
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In 2017 the market research company GfK will relocate to the Suurstoffi site with about 200 staff, thus further strengthening Suurstoffi as a business location.



## Contact details and upcoming events

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### Agenda

March 11, 2016  
April 12, 2016  
August 26, 2016  
Publication of Annual Report 2015  
Annual general meeting of shareholders 2016  
Publication of Half-Year Report 2016

### Exchange trading

Series B registered share Zug Estates Holding AG  
Securities number: 14 805 212  
ISIN: CH 014 805 212 6  
Ticker symbol SIX Swiss Exchange: ZUGN  
Bloomberg: ZUGN:SW



Online Report



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Report

**This Half-Year Report is published in German and English. The German version shall prevail and be binding.**

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Notes on possible forward-looking statements:

The current Half-Year Report of Zug Estates Group may contain forward-looking statements. Such statements can be identified by expressions such as "shall", "assume", "expect", "anticipate", "intend", "aim", "future" or similar terms, as well as by discussions of strategies, goals, plans or intentions, etc. They are subject to known or unknown risks and uncertainties that could cause actual results and occurrences to differ materially from the expectations contained or implied in the forward-looking statements.

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**Editor**

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